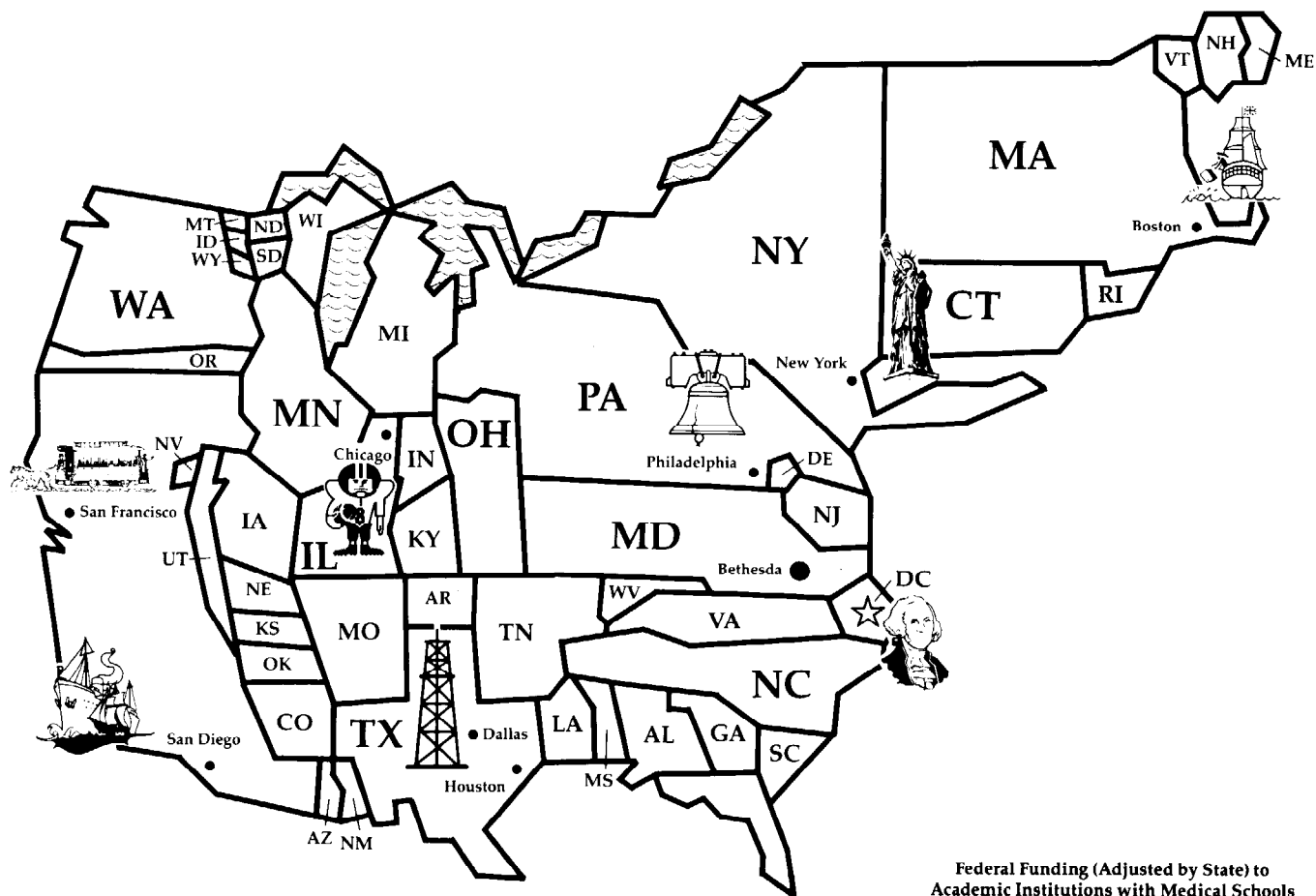


# President's Report



*In Defense of Washington*



## *In Defense of Washington*

### **PETITION**

The Trustees of the Howard Hughes Medical Institute are requested to consider and to determine that, for the time being, the Institute headquarters shall be located in Washington. The Executive Management Group offers here its collective defense of this request in the following five arguments, listed in descending order of importance:

- Item I.** All the necessary functions of the Institute can be carried out expeditiously in this location;
- Item II.** Washington is about as close to the center of gravity of biomedical research in America (and the world) as any major urban center can be;
- Item III.** The facilities for frequent travel to and from Washington are convenient and superior to those in many other places – an essential for administration of a highly decentralized system operating all over America and requiring the services of numerous external advisors from this country and abroad;
- Item IV.** There are facilities and activities in the vicinity of Washington that are highly relevant to the Institute's functions and status as one of the world's great scientific organizations;
- Item V.** Finally, many of the key personnel are now located in the Washington area, as will soon be the bulk of operations, in facilities representing an HHMI investment of about \$28 million, the offices being under lease for not less than four more years.

## INTRODUCTION

The Trustees have requested an opportunity to determine formally the location of the Howard Hughes Medical Institute. Management promised to create such an opportunity no later than this October meeting. The Institute needs to reach a decision so that its Trustees and officers can focus their attention on programmatic issues that loom large on the immediate horizon.

We offer a defense of our present location, Washington, D.C. In doing so, we shall attempt to be as objective as possible in light of the recent establishment in the Washington suburbs of most of the Executive Management Group (EMG). There are no prepackaged compasses or direction finders, no firms of outside experts, no surveys or determinations that can pretend to lead the Trustees to the perfect solution. Obviously, four or five other urban locations could qualify. The final decision will have a strong element of subjective judgment. Hence, we have not compiled cost-of-living tables, real estate projections, or precise comparisons of the distances that Trustees, advisors, and administrators would have to travel to possible sites. The defense rests on what we have found generally to be the principal virtues of the present location of headquarters.

## THE DIFFERENT VOICES OF MANAGEMENT

The Institute can be regarded as a blend of four major cultures: investment, finance, law, and science. These are quite dissimilar instruments that must perform in harmony as a medical research organization, a species unique among the philanthropic genera. It shares with the academic institutions – which it serves and most resembles – the requirements that it recruit unusual and gifted persons and maintain the milieu necessary for them to function optimally. Among the cadre assembled at headquarters must be persons from many subcultures: communicators, builders, laboratory designers, and analysts of science, bonds, or reunification of educational institutions.

For most of those who have chosen HHMI as employer, it represents a force with enormous potential to serve humanity. The location of the center of such a force must certainly be part of its statement of intent. HHMI merits a setting appropriate to its purpose and magnitude.

We proceed to the defense of locating in Washington. Voices presenting the arguments and observations are those of EMG members who are responsible for the major “cultures” comprising HHMI. All have recently moved to Washington from other urban centers to become key players in the Institute.

**Item I.** All the necessary functions of the Institute can be carried out expeditiously in this location. . . .

*INVESTMENT* speaks (his views “distilled from over 30 years as a New York commuter, both to Wall Street and midtown, with a personal bias toward Boston, and from visits to every U.S. city over 200,000 population”):

“I believe . . . these opinions may speak more eloquently than statistics on dollars managed, number of accounts, number of CFAs per square mile. . . .

“In the 1940s and early ‘50s, New York, Chicago, and Boston had the overwhelming bulk of both bond and stock accounts . . . a few Philadelphia and Hartford addresses were acceptable. . . .

“The transformation of the entire investment world since the mid-1950s has not equalled that of the scientific community, but would be almost equally unrecognizable. . . . Into the 1990s, I believe investment banking will experience more concentration of capital, perhaps with a few global outposts to follow the sun. Investment management, however, need not follow the same path, and “life style” quality can draw top-grade portfolio managers whose PC screens will see identical data base information the instant it is known on Wall Street.

“Washington does not have the daily visibility sought by brokerage analysts, but meets every other test. Access by plane or train to the eastern seaboard analysts in Wilmington, Baltimore, Philadelphia, or New York and points north is simple and low-cost. The Washington area investment community is surprisingly active

and successful at Geico, FNMA, Sally Mae, the World Bank, and United Mine Workers, who draw on the corporate officers trooping to the Capitol and the central economic data amassed by federal agencies and trade associations.

“In summary, I see more money managers opting out of New York and Chicago. . . . The ‘junk bond’ creator Mike Milken left a New York office to set up at Laguna Beach, and the wisest investor of our era, Warren Buffett, has never moved his office from the second floor of a bank in Omaha. . . . In short, it can be done anywhere. . . .

“[In Washington] our recruiting was slow, but I am very pleased with the quality at this stage.”

*FINANCE* (who has recently borne a great number of administrative responsibilities, holds a few opinions about the supply of assorted talents in the Washington area):

“Washington is a desirable place to live in terms of its climate, its entertainment and cultural activities, its proximity to recreational areas – the seashore, the mountains. . . . Several candidates said they had been asked by their present employers to transfer to other parts of the country, but they chose to look for other work rather than abandon the Washington life style.

“[Here] are large numbers of people who are idealistically committed to working for nonprofit organizations. . . .

“Because of . . . government and service industries, the unemployment rate in Washington remains relatively low. . . . For this reason, there is less than normal hesitancy . . . about seeking new employment opportunities. The fear of poverty between jobs is not a significant deterrent.

“In addition to the comparative ease with which recruiting objectives can be achieved within the Wash-

ington area, high-potential candidates from other parts of the country are attracted to this location by the charismatic qualities of the city. In common with the other great capitals of the world – London, Paris, Rome – Washington has a dynamism that energizes the entire community.

“An opportunity to live and work full time in Washington is not the sole determinant of a job change. Other factors being roughly equivalent, though, it’s a strong plus.”

The voice of *LAW*:

“Washington . . . is a key city for both private and public law. According to the 1980 census, over 30,000 of approximately 500,000 lawyers in the United States were in the Washington area [and 1,400 of the 33,368 graduates in 1985 were from Washington law schools]. Two key factors for the Institute are access to specialized legal expertise and ease of recruiting lawyers and support staff. Although it would be hard to argue today that the legal function is not portable, Washington certainly serves us well. . . .”

**Item II.** Washington is about as close to the center of gravity. . . .

**Item III.** The facilities for frequent travel to and from the Washington area. . . .

These are parallel arguments. And the defense has called as first witness an outrageous portrait of the United States (frontispiece). Each state’s geographic area has been adjusted according to the amount of federal money for support of biomedical research flowing annually to its academic institutions with medical schools. If the \$500-odd million annually supplied to the laboratories and clinics of the National Institutes of Health were added to the totals, Maryland would protrude nearly to the Rio Grande or hang out as a gigantic eastern peninsula. But the liberties of distortion have been curbed to the kinds of activities and places in which HHMI is active. (HHMI’s expenditures are not included.)

The point we make is that an overwhelming preponderance of HHMI's world of activity lies in the northeastern part of the country. The overhang of Massachusetts, Connecticut, and New York points to a locus near Washington as a center of gravity of biomedical research. There is another center in California. If HHMI headquarters were moved, one could argue that it ought to go all the way to San Francisco or Los Angeles.

*INVESTMENT* again:

"None of the cities from Orange County to the Golden Gate has achieved the status of 'investment center' ... but of course there is the argument that one can make do with a PC near the hot tub..."

*SCIENCE* has his views:

"Since World War II the northeastern United States has housed a disproportionately large share of biomedical research, and despite some redistribution in recent years, there is every reason to expect this to continue into the 21st century. This is true not only of the people and institutions that do the science, but of the agencies, both government and private, that support science.

"An important illustration of the scientific center of gravity is that a large proportion of scientific meetings ... are held in the region, with occasional forays to the West Coast. It is a fact accepted by granting agencies that the travel budget for scientists on the West Coast must be larger to reflect this reality. It is important for an organization such as HHMI, which is widespread both programmatically and geographically and has a large number of investigators, advisors, and staff, to be located near the center of the action. In addition, biomedical science is becoming increasingly international, and almost all visiting scientists flow through either Washington or New York, frequently both. HHMI, though not yet employing scientists abroad, already has significant foreign interactions – e.g., the human genome mapping project.



"Such considerations suggest two leading candidates, Washington and New York, and one could argue cogently for either. Indeed, if HHMI were already in New York, the case for moving it to Washington would be difficult to make. . . . The reverse is also true. With the Institute already in place in Washington, a case for moving it to New York, with its attendant costs, is not persuasive. Besides, factors other than financial tip the balance to Washington.

"Geography and climate are usually less a factor than cultural activities in recruiting scientists. Although a significant number of scientists definitely prefer New York to any other place, they are balanced by those who would not wish to be there under any circumstances. Washington is a viable alternative to either of these hard-core groups. In addition to its other scientific and cultural resources, Washington is a bibliographic center, like the library at ancient Alexandria. Its bibliographic sweep is extensive. . . . This is a decided plus for the location of HHMI.

"It would be hard to overestimate the importance to HHMI of transportation facilities that allow frequent convenient travel to all parts of the country and abroad. Management must go out and investigators and advisors must come in with clockwork regularity. Only Washington, New York, Chicago, or possibly Atlanta could meet this need, and Washington is less likely to be immobilized by weather than Chicago or New York. Washington has the definite advantage that many of our visitors . . . such as university presidents, deans, or working scientists, can combine a required trip to NIH or other government agencies with a visit to HHMI."

Among the possible places, no nirvana of transportation exists. Comparisons may be made, however. The trail from the Newtons through the Sumner-Callahan Tunnel or the crosstown trek in Manhattan toward LaGuardia, the roadway to and from O'Hare from the south side or the highway from Palo Alto to SFO have their good and bad times. So can the routes from suburban Washington to its two

major airports. After 9:00 a.m. the parkways within a minute of the new Rockledge headquarters in Bethesda will allow you to run – at legal speed – to either National or Dulles within a half hour. Metro, to be sure, will require a 10-minute shuttle ride from Rockledge to the “Hospital” stop on Wisconsin Avenue. From there the time to Union Station – stay on the red line – averages about 25 minutes in any kind of weather.

Most of the MAB members, advisors, and petitioners who come to HHMI headquarters near Washington shuttle in and out the same day. For many others, including most Trustees, an overnight stay is necessary for a full day’s work on the morrow, but one is usually home that night. There is no perfect place, but Washington competes well with the few real alternatives.

**Item IV.** There are facilities and activities in the vicinity of Washington that are highly relevant. . . .

Without the federal government’s support of academic science, there would be no HHMI as the world is coming to know it. We might have ended as our founder once envisioned – as a lonely tower where the ills of the people of Harris County, Texas, might be studied and alleviated. HHMI depends on the prior existence of excellent centers of education and research where it may make its welcome and influential investments.

These institutions live or die as homes for science on the nourishment from annual federal appropriations. The outlays for health R&D from the three main departments – Health and Human Services, Defense, and Veterans – are now about \$5 billion. All federal support for health R&D is between \$6 and \$7 billion a year.

Around the White House offices in the old and new Executive Office Buildings, the OMB, the OSTP, and many other acronyms propose. Around the Capitol the members and staffs of more than 50 committees attempt to dispose. They are besieged by pleaders, experts, and arguers who try to sway the flow and direction of this vast patronage. In Washington, too, is the National Research Council, a powerful organ of the combined National Academy of Sciences, Academy of Engineering, and Institute of Medicine. The Academy’s Government/University/Industry Round Table offers a central ground on which these interests attempt to come together.

One agency alone, the National Institutes of Health, convenes over 2,000 academic scientists annually to read its 20,000 grant proposals and pass out an annual budget somewhat larger than HHMI's endowment.

In all the vast range of purposes and practices in this ocean of bureaucracies, the Institute is the only private organization with sufficient annual budget and freedom of choice to make an exciting difference. And its opinion is sought – by the Congress, the executive branch, the media, and the organizations of various dependencies.

America is entering an important era in which budgeting for science by government is headed for reform. Today, a space station, a supercooled supercollider, or a plasma fusion reactor – committing billions for single costly investments – has the potential to dry up support for other fields of endeavor without central review to assess the comparative scientific or social merits. As new means of decision-making come about, the world's largest private research organization should certainly be involved. The proximity of HHMI headquarters to the Internal Revenue Service may soon be only a matter of difference in postal rates, but the climatic effects of changes in the Tax Code or Treasury Regulations are no stranger to this organism.

The political topography of Washington is a poor résumé of the features that have great value to the Institute. The National Library of Medicine and the Library of Congress together constitute the world's richest source of scientific and other literature relevant to our activities. NLM's Lister Hill Center contains a superb meeting hall and laboratories applying ultramodern communications to new modes of instruction in medicine and science as well as electronic editing of textbooks by distant editors. The meeting room, Great Hall, and 700-seat auditorium of the National Academy of Sciences are available for our occasional use. The Kennedy Institute of Ethics at Georgetown University is one of the nation's most active centers engaged in concerns of high relevance to HHMI's advanced scientific activities.

HHMI has formed a partnership with the National Institutes of Health in the establishment of the HHMI-NIH Scholars Program for Medical Students. The setting for this important project, which is bringing instant national recognition to an expanding HHMI, is unique. A former convent amid 1,000 modern biomedical research laboratories and the world's largest hospital devoted exclusively to research represents a most extraordinary conjunction.

There is no danger that HHMI will ever be confused with its giant neighbor. While avoiding NIH's inherent problems of programming, we have adopted the best of its standards for our purposes. We have thus achieved a singular distinction in the world of academic science. Yet we could not manage our enterprise in isolation or ignorance of the movements of this federal mammoth.

*SCIENCE* speaks:

"One measure of HHMI's independence from NIH is the occasional criticism we hear (usually from a source not yet receiving HHMI funds) that we are 'not enough like NIH.' "

**Item V.** HHMI headquarters are now in the Washington area, occupying or superintending facilities representing a \$28 million investment. . . .

All of the central administrative activities of the Institute are now being drawn into the Rockledge quarters, which are proceeding to completion according to the plans and schedule approved by the Trustees. The cost of furnishing this virgin space and rental under the present lease, which extends until 1992, is approximately \$18 million. An option to renew will need to be exercised by March 1991.

In the Cloister project, we shall have invested about \$10 million for renovation and construction of the new residence. Beside the graceful brick archway to the residence, there should be a brass plaque bearing the words Hughes House. This would convey more than the mere name of a person. The only offices in the Cloister will be for management of the facility and its student program. Yet its lecture halls and chapel, to be shared with NIH, offer a rare location for certain Institute needs. The Cloister and its scholarly purpose strike a symbol of HHMI imagination and vigor, and the public spirit it represents may be commensurate with any other investment we shall ever make.

The *LEGAL* side notes:

"We are experiencing a relatively smooth transition from Coconut Grove to Bethesda. But, barring a compelling reason to again move our corporate headquarters, we should not plan to suffer another relocation

with its physical disruptions and its potential harm to morale, including that of key employees.”

**Denouement.** If the Trustees accede to our petition and resolve that national headquarters of the Institute shall, for the time being, remain in the Washington area, there are several parcels of land in Montgomery County and northern Virginia that the owners would graciously cede to HHMI – for a stiff consideration.

Unidentified voice from the EMG:

*“Let another pharaoh build *that* pyramid!”*